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Washington, D.C. 20036

April 20, 1995

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EX PARTE PRESENTATION

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

William F. Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: CC Docket Nos. 94-1, 91-213, and 80-286

Dear Mr. Caton:

Today, Warren Hannah, John Ivanuska, Jim Sichter and I met with Anna Gomez, Richard Metzger and Mark Uretsky of the Common Carrier Bureau to discuss Sprint's ideas for the Further Notice of Proposed Rulemaking in CC Docket 94-1. Sprint's presentation is summarized in the attached outline, which was handed out at the meeting. In addition, the discussion touched briefly on the pendency of the issue of the residual interconnection charge in CC Docket No. 91-213, and on the pendency of the Commission's inquiry into universal service funding in CC Docket 80-286.

An original and five copies of this letter (to provide two copies for each of the referenced dockets) are being submitted.

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard Juhnke", written over the typed name.

H. Richard Juhnke
General Attorney

Attachment

c: Anna Gomez (w/o attachment)
Richard Metzger (w/o attachment)
Mark Uretsky (w/o attachment)

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FNPRM Issues



Sprint Corporation

April 20, 1995

Characteristics of the Emerging Environment

- Little actual competition exists today.
- The industry will be characterized by a mixture of competitive and monopoly markets over an extended transitional period.
- Degree of competition will vary
 - By service category (loop, transport, switching)
 - By geographic area
- Strong pressures for repricing
 - Overall price levels
 - Rate structures (deaveraging)

Public Policy Objectives

1. Promotion of effective competition to ultimately supplant need for regulation
2. Move towards economically efficient rates
 - Elimination of cross subsidies
 - Rates that reflect underlying cost characteristics (e.g. zone density)
3. Continuation of Universal Service in a competitively neutral manner
 - No market participant should be advantaged or disadvantaged due to Universal Service/carrier of last resort obligation
 - Universal Service policies should not preclude open entry or economically efficient pricing
4. Protection of consumers
 - LEC competitive pricing responses should not be financed by customers in markets where competition does not exist

Transitional Regulatory Framework

- The degree of pricing flexibility/flexibility to respond to competition should be contingent on the degree to which a market is competitive
- Significant pro-competitive reforms can take place even before competition evolves

Status of Competition	Pricing Reforms/Competitive Response Flexibility	Applicability
None	<ul style="list-style-type: none"> ● Rates reflecting underlying cost characteristics <ul style="list-style-type: none"> - Immediate implementation of zone density (transport and switching) ● Eliminate explicit cross-subsidies <ul style="list-style-type: none"> - RIC (target part of productivity offset to eliminate RIC) - CCLC 	<ul style="list-style-type: none"> ● All Price Cap LECs
Barriers to entry eliminated	<ul style="list-style-type: none"> ● Greater downward pricing flexibility ● Ability to respond to customer initiated RFPs (with requirement to make same offer generally available) ● Consideration of alternative structures through Part 69 waiver process 	<ul style="list-style-type: none"> ● Selection of no sharing option a prerequisite ● Service specific
Fully effective competition	<ul style="list-style-type: none"> ● Removal of service from Price Caps ● Streamlined tariff filing/review <ul style="list-style-type: none"> - One day notice - Presumptively lawful ● Customer specific pricing ● Eliminate Part 69 constraints (i.e., waiver requirement) for new services 	<ul style="list-style-type: none"> ● Selection of No sharing option a prerequisite ● Service specific ● Wire center or exchange specific

Entry Barrier Test (Transport)

- Virtual collocation at tandems, central offices, and serving wire centers at cost-based rates
- Equal access to public rights of way

Entry Barrier Test (Loop)

- Franchise and Entry Requirements
 - Abolish federal, state or local restrictions that limit or prohibit competitors from offering a full range of local loop services, or regulatory requirements that unreasonably restrict local loop market entry
 - *No exclusive franchises*
 - *No need to prove existing services are inadequate*
 - *No discrimination against new market entrants*
 - *Equal access to public rights of way*
 - *No unreasonable requirements for market entry*
 - *Quid pro quos should not be a condition of market entry*

Entry Barrier Test (Loop)

- Interconnection and Compensation
 - New market entrants should be interconnected with incumbent providers seamlessly in a manner that does not create an economic barrier to competition
 - *Reasonable compensation for call termination*
 - *Uniform standards and administrative interconnection*
 - *Service unbundling*
 - *Nondiscriminatory Virtual Collocation*

Entry Barrier Test (Loop)

- Disaggregation and unrestricted resale and sharing of loop

Entry Barrier Test (Switching)

- Franchise and Entry Requirements
 - Abolish federal, state or local restrictions that limit or prohibit competitors from offering a full range of switching services, or regulatory requirements that unreasonably restrict switched market entry
 - *No exclusive franchises*
 - *No need to prove existing services are inadequate*
 - *No discrimination against new market entrants*
 - *Equal access to public rights of way*
 - *No unreasonable requirements for market entry*
 - *Quid pro quos should not be a condition of market entry*

Entry Barrier Test (Switching)

- Interconnection and Compensation
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Entry Barrier Test (Switching)

- Numbering Resource Issues
 - Nondiscriminatory access to numbering resources is critical to switching and loop competition
 - *Access to telephone numbers generally*
 - *True number portability (service provider portability)*
 - *Access to and inclusion in DA, LIDB, AIN, 800, and other databases and telephone directories*
 - *Access to 911, TRS, and local operator services*
 - *Nondiscriminatory number administration*

Criteria for Effective Competition

- Market share test
One possibility: using the Commission's criteria for cable companies
 - At an exchange level: 50% of the service category in the relevant market has an alternative source of supply available to it AND 15% of the relevant market actually takes the alternative in the exchange
 - At a wire center level: 50% of the service category in the relevant market has an alternative source of supply available to it AND 30% of the relevant market actually takes the alternative in the wire center